GLOBAL MARKETS ANALYSIS
Monetary and Capital Markets

Global Markets Monitor

TUESDAY, SEPTEMBER 22, 2026
LEAD EDITOR: JOHANNES S. KRAMER

- **Robust US equity fund inflows contrast with more cautious hedge fund positioning** (link)
- **AI credit spreads widen across investment-grade and high-yield borrowers** (link)
- **RBA expected to raise rates next week as energy costs add to inflation pressures** (link)
- **Foreign participation in Chile's local sovereign bonds reaches multi-year highs** (link)
- **China's gold imports hit records on lower prices, stronger RMB and quota changes** (link)
- **SARB expected to raise rates this week as higher oil prices threaten inflation goals** (link)

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Oil Retreats, Pressures Linger

Lower oil prices lifted equities and government bonds, but Fed rate pricing and French sovereign spreads resisted the relief. Brent briefly fell to $98 on reports of a conditional Hormuz reopening, before Iran's reported denial tempered the move. Treasury and gilt yields initially declined while French sovereign spreads continued to widen despite the broader European rally. Technology shares extended gains as energy stocks fell. Renewed semiconductor strength also supported the Korean won (+1.1%), contrasting with further Indonesian currency and equity losses. Despite cheaper oil, Fed tightening priced through mid-2027 remains sticky, with Chicago Fed's Goolsbee warning that demand pressures could require faster hikes. ECB chief economist Lane warned that renewed energy increases could spread to food, electricity and goods. Germany's planned fuel-tax relief meanwhile illustrates the budgetary cost of cushioning consumers from the energy shock. Energy relief measures are adding to fiscal pressures, as illustrated most recently by Senegal's higher projected deficit today, reflecting both increased subsidies and weaker revenues.

Key Global Financial Indicators

Last updated: 9/22/26 8:35 AM	Level		Change from Market Close				
	Last 12m	Latest	1 Day	7 Days	30 Days	12 M	YTD
Equities				%			%
S&P 500		7765	1.5	2	1	16	13
Eurostoxx 50		6340	0.4	2	-2	17	9
Nikkei 225		65019	1.4	2	-1	42	29
MSCI EM		69	2.7	4	3	29	26
Yields and Spreads				bps			
US 10y Yield		4.93	-2.5	-8	19	78	76
Germany 10y Yield		3.43	-2.8	-11	17	68	58
EMBIG Sovereign Spread		174	2	-4	-27	-39	-24
FX / Commodities / Volatility				%			
EM FX vs. USD, (+) = appreciation		46.3	0.0	0	-1	1	-1
Dollar index, (+) = $ appreciation		100.4	-0.1	1	2	3	2
Brent Crude Oil ($/barrel)		98.6	-1.7	-9	4	48	62
VIX Index (%, change in pp)		14.7	-0.2	-3	0	-1	0

Colors denote tightening/easing financial conditions for observations greater than ±1.5 standard deviations. Data source: Bloomberg.

Key Global Inflation and Energy Indicators

Last updated: 9/22/26 8:37 AM	Level Last 12m	Latest	Change from Market Close 1 Day	7 Days	30 Days	12 M	YTD
Oil and Gas					%		%
Brent Crude Oil ($/barrel)		99	-1.7	-9	4	48	62
WTI Crude Oil ($/barrel)		94	-2.4	-12	7	49	63
Natural Gas (Netherlands TTF)		71	-4	-7	8	122	161
Breakeven Inflation		%			bps		
USD: 2Y		2.4	-2.0	-17	1	-49	14
USD: 5Y		2.5	-1.0	-9	-2	-16	13
USD: 5Y5Y		2.4	0	-4	-4	-5	-3
EUR: 2Y		2.8	-4.3	-17	30	97	110
EUR: 5Y		2.4	-3	-10	13	52	59
EUR: 5Y5Y		2.1	-1	-2	-1	4	7

Colors denote tightening/easing financial conditions for observations greater than ±1.5 standard deviations. Data source: Bloomberg.

Mature Markets

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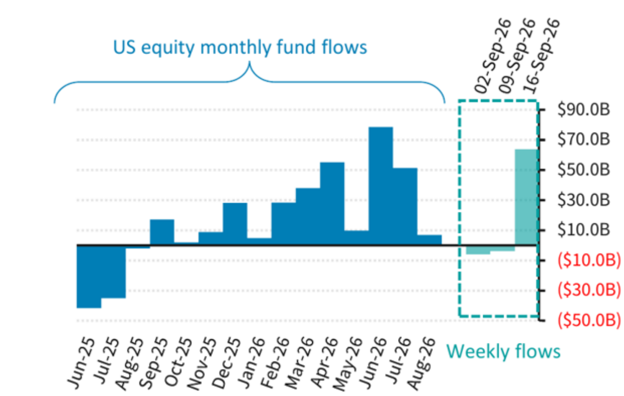
United States

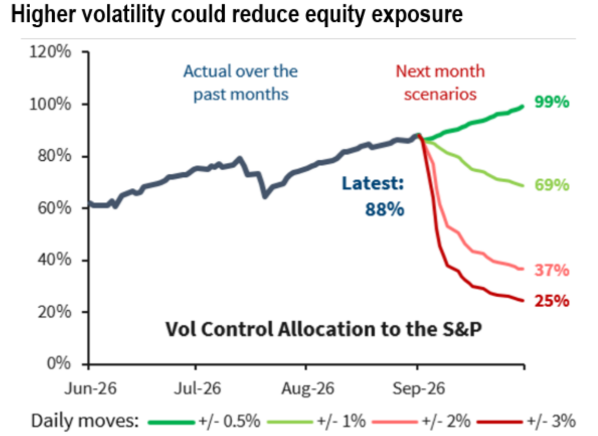
Equity fund inflows remain strong but positioning leaves room for further selling. Barclays analysts report more than $60 billion of US equity fund inflows in the latest reported week (left chart), taking the year-to-date total above $320 billion, even as its hedge fund exposure indicators have declined. Its illustrative model puts equity exposure in volatility-control strategies near 90%, close to the year's high. That leaves limited scope to add exposure, while higher volatility could prompt selling (right chart). Furthermore, since Jackson Hole, S&P 500 option pricing has shifted toward stronger demand for downside protection and less appetite for upside exposure.

US equity fund inflows have resumed



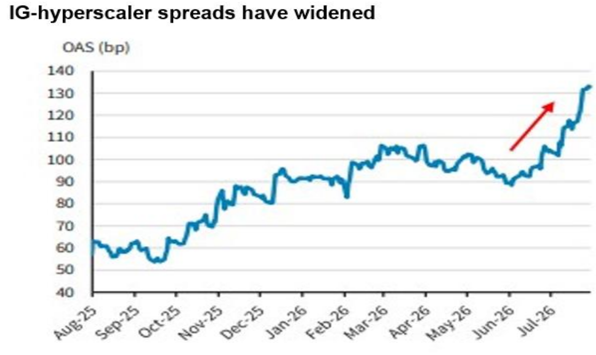
Source: EPFR; Barclays, Monthly and weekly US equity fund flows; with data through September 18.

Higher volatility could reduce equity exposure

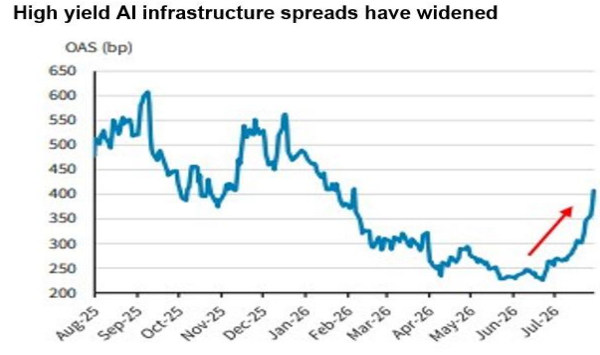


Source: Bloomberg; Barclays. Illustrative as of September 17 under daily-move scenarios; not realized flows.

AI-related credit spreads have widened from their early-summer lows. Since June, credit spreads have notably widened for investment-grade hyperscalers (left chart) and high-yield AI infrastructure, including datacenters and neocloud borrowers (right chart). The widening extends beyond lower-rated borrowers to investment-grade issuers, reflecting that investors are demanding more generally higher compensation to hold debt across different parts of the AI financing market.



Source: Bloomberg; Barclays Research.



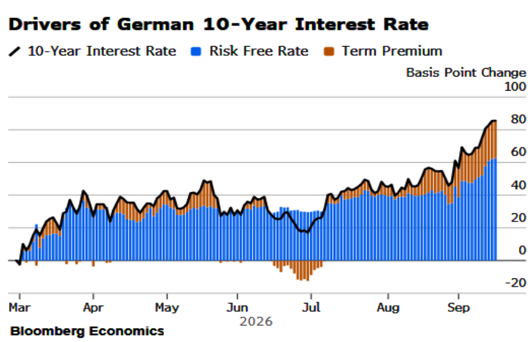
Source: Bloomberg; Barclays Research.

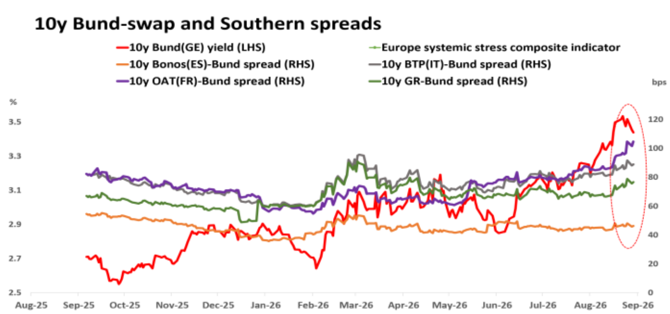
Euro area

European equities rose as technology extended its gains. The Stoxx 600 (+0.4%) advanced, with technology (+0.9%) supported by optimism on US-China talks. Energy stocks (-1.5%) fell as Brent (-1% to $99.40/bbl) and natural gas futures (-3% to €70.73/MWh) declined further. The euro (-0.1% to $1.1453/€) was little changed, although Bloomberg reported a widening one-week options premium for euro puts over calls to 38 bps.

ECB hike pricing briefly increased following Lane's inflation warning. The chief economist warned that a "second wave" of energy price increases could make inflation higher and more persistent. Overnight forwards subsequently reversed the additional tightening bets, leaving 83 bps of cumulative hikes priced over the next 12 months. Bund yields inched lower across maturities, with the 2-year (-1 bp) and 10-year (-2 bps) both declining to 3.19% and 3.43%, respectively.

French bonds underperformed as the OAT-Bund spread widened. The 10-year sovereign spread over bunds rose further (+3 bps) to 104 bps. Citi analysts attribute the recent OAT cheapening mainly to higher ECB hike pricing, noting increased sensitivity since early summer, alongside France's revised 2026 deficit estimate of 5.4% of GDP and rising election risks. Bloomberg reports that higher yields could increase euro-area debt costs by 0.5% of GDP by 2030, with France and Italy accounting for most of the rise. Crédit Agricole analysts expects the OAT-Bund spread to peak at 120 bps in Q2 2027 during the presidential election period, before narrowing to around 105 bps by year-end.

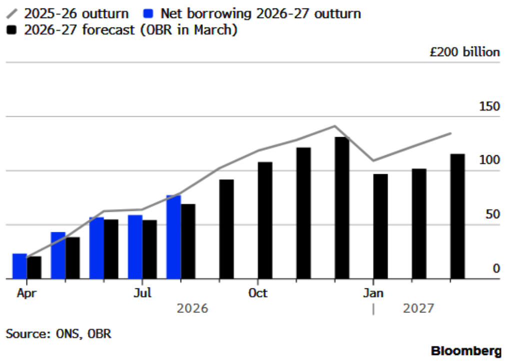


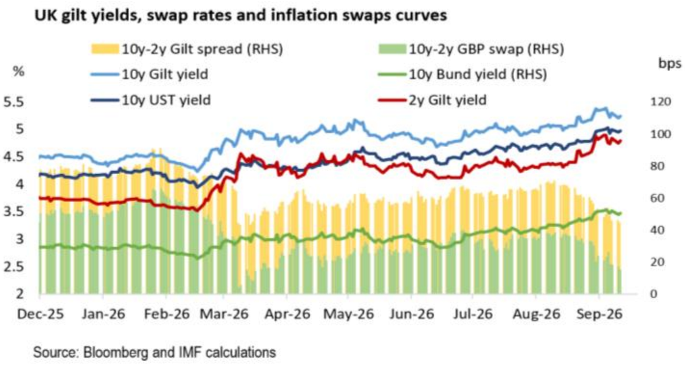


Source: Bloomberg and IMF calculations

United Kingdom

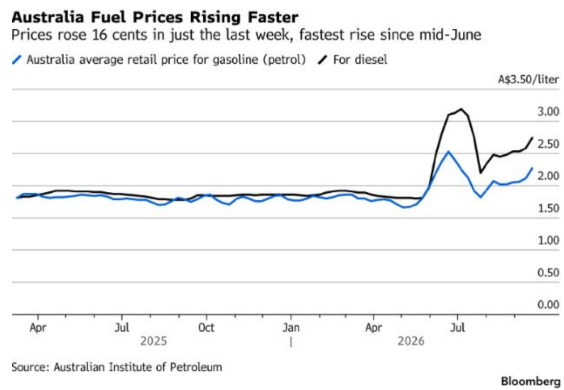
Gilts outperformed European peers as energy prices eased. The curve bull-steepened slightly, with 2-year yields (4.70%, -3 bps) falling more than 10-year yields (5.18%, -2 bps), while sterling held firm at $1.3367/£. Fiscal pressures remain. Borrowing reached £77.3bn in the first five months of 2026–27, £8.1bn above OBR forecasts, weighing on sentiment according to Bloomberg. Bank of America analysts attribute recent flattening in the 2044–2068 gilt segment to greater perceived ultralong scarcity following changes to the BoE's QT plans; the 30-year yield (5.69%, -1 bp) edged lower this morning. Deutsche Bank analysts expect two 25 bps BoE hikes, in November and February 2027, describing them as insurance against inflation rather than a full tightening cycle, given mainly energy-driven price pressures and limited second-round effects.





Australia

The RBA is expected to hike policy rates next week amid rapid increases in energy costs. Economists surveyed by Bloomberg, including those from Commonwealth Bank of Australia brought forward rate-hike expectations from November to next week following recent increases in Brent oil prices to above $100 per barrel. Overnight forwards are assigning a probability of nearly 90% chance for a hike from 4.35% to 4.6% next Tuesday. Additional increases in RBA November meeting to 4.85%—the highest level since 2008—is seen as likely. Meanwhile, recent comments from officials highlighted that risks to inflation are skewed to the upside. Governor Bullock remarked last Friday that some of the upside risks "appear to be materializing." The AUD, having gained since July before moderating last week, held steady at USD 0.71/AUD.



Emerging Markets

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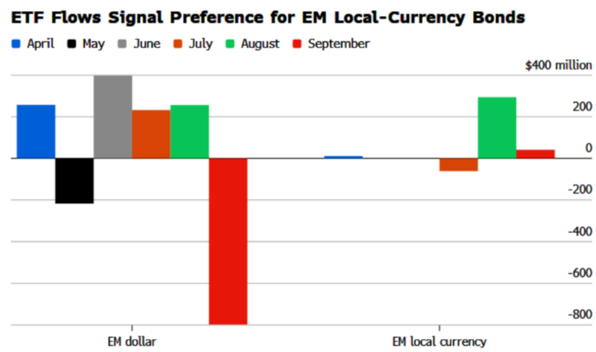
This morning, most EMEA currencies took a reprieve after yesterday's global rally. Hungary's central bank maintained a rate hold at 5.5% after last month's 25 bps cut; consensus also sees Nigeria holding at 26.5%, though some analysts expect a cut. In Türkiye, authorities reportedly detained 14 suspects over alleged market manipulation following last week's fund run; 27 companies were separately removed from the BIST 100, and officials are considering pooling frozen fund assets to facilitate liquidation and potentially improve recoveries. Elsewhere, Senegal has raised its projected 2026 deficit to 7.6% of GDP (from 5.4%) on weaker revenues and higher energy subsidies. Barclays analysts expect a larger deficit of up to 9.2%, depending on whether the cash payment of overdue government bills is included or not.

Asian markets were broadly steady, with the Korean won strengthening while Indonesian assets extended losses. The won gained (+1.1%) alongside a local semiconductor rally and foreign inflows, while the rupiah fell (-0.3%) for a second day to its weakest level in over a month and Indonesian stocks reached their lowest since mid-August. Bank Indonesia said on Monday afternoon that it would continue intervening in FX markets as needed, citing pressure from Middle East tensions, oil above $100 a barrel, importer dollar demand and portfolio outflows.

Yesterday, Latin American assets advanced as falling oil prices boosted risk appetite. The Chilean peso (+1.2%), the Brazilian real (+0.6%), the Peruvian sol (+0.1%), and the Mexican peso (+0.1%) advanced, with most regional currencies benefiting from lower oil prices, while the Colombian peso (-0.6%) continues to underperform amid tight dollar liquidity. Equities also moved higher across most markets, supported by improving global risk sentiment and optimism surrounding US-China talks, led by Peru (+1.2%), Brazil (+0.7%), and Colombia (+0.7%), while Argentina (-0.8%) was the notable exception.

EM fixed income

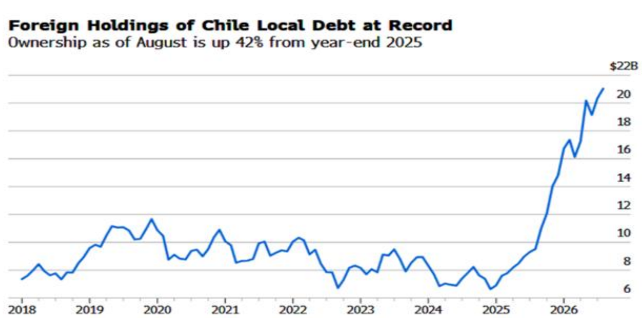
Investors favor local bonds as external debt loses appeal amid higher US yields. Bloomberg analysts observed that local-currency sovereign debt has outperformed dollar-denominated EM bonds by more than three percentage points since the end of June. The preference is also reflected in investor positioning and fund flows, with fund managers increasingly overweigh local debt relative to hard-currency bonds and fund flows favoring local currency debt. Analysts note that attractive valuations, high real yields, and carry opportunities continue to support local debt, while rising US Treasury yields have reduced the relative appeal of hard-currency bonds. Market contacts also identified Latin America's local bonds as one of the beneficiaries from this allocation shift given relatively high real yields.



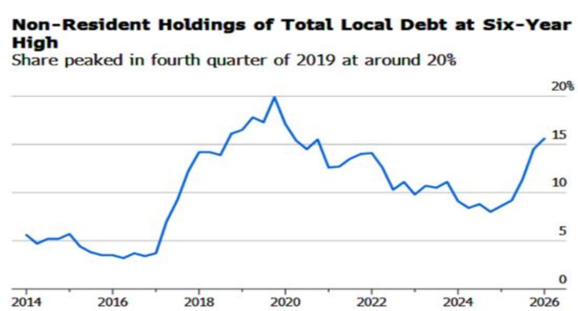
Note: Exchange-traded fund flows as of Sept. 18; Refers to iShares JPMorgan Dollar EM Bond ETF and VanEck JPMorgan EM Local Currency Bond ETF
Source: Bloomberg

Chile

Chile's local bond market continues to attract foreign investors. Foreign participation in Chile's local sovereign debt market has increased this year, with both the amount of debt held by non-residents and their share of the local market reaching multi-year highs, according to central bank and finance ministry data. The increase in foreign exposure has coincided with a relatively strong fiscal position, including a fiscal surplus in July and plans to keep spending growth broadly flat next year. Fitch also affirmed Chile's A- sovereign rating last week, citing relatively low government debt and plans for fiscal consolidation. Authorities are also implementing measures to deepen capital markets including repo-market reforms and a proposed market-maker program aimed at improving liquidity and facilitating foreign participation.



Source: Chile Central Bank

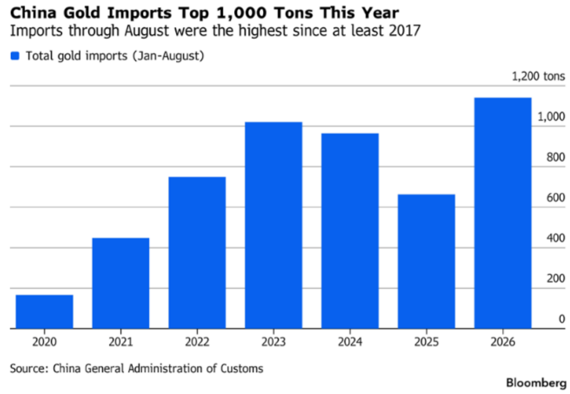


Source: Chile Finance Ministry

China

Gold imports reached record levels. Purchases through August topped 1,000 tons, surpassing the total purchase amount for 2025, according to customs data going back to 2017. A fall in gold prices and a stronger RMB likely boosted purchases. Analysts noted that a new licensing regime from June also encouraged frontloading gold purchases. Specifically, commercial banks rushed to exhaust their existing legacy quotas before the new quota system took effect, as unused quotas would be forfeited. This regulatory transition likely distorted and boosted physical gold flows. According to Shanghai Gold

Exchange, Chinese exchange-traded funds added around 44 tons through August, an increase of 18% from the start of the year. Meanwhile, Jinrui Futures, a securities firm in China, pointed to accelerated gold purchases from the PBOC—its August purchases were the largest since 2023—as another factor for increased demand for gold domestically. China is the largest buyer of gold in the world.

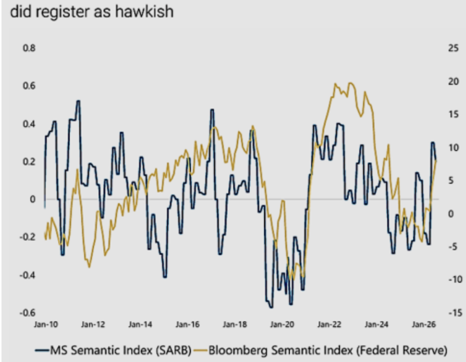


New details on the upcoming Trump-Xi summit emerged. President Trump and President Xi are expected to meet in Washington on September 24–25, 2026. Their discussions are likely to focus on trade, AI and national security. Analysts, including those from Mizuho generally hold a positive near-term outlook for bilateral trade, with an extension of the trade truce, additional Chinese purchases of US products and a reciprocal tariff-reduction package seen as likely. Meanwhile, according to Bloomberg, US and China have already agreed to carve out "nonsensitive" goods from future tariff actions and set up a formal channel to discuss AI developments. Both the onshore and offshore RMB weakened a touch (-0.1%) on the day.

South Africa

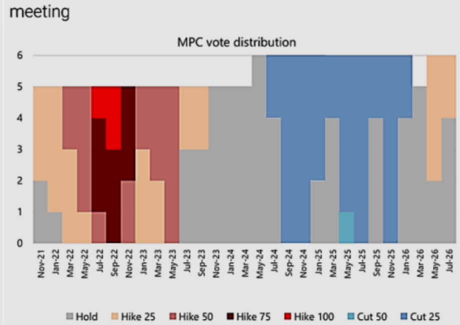
The SARB is expected to raise rates by 25 bps to 7.25% this week. Elevated oil prices risk delaying inflation's return to the new 3% target. Morgan Stanley analysts expects an extended pause thereafter, against around 75 bps of additional tightening that is currently priced. The case for a hike is precautionary. Q3 inflation expectations improved and the initial energy shock is no longer spreading materially across the CPI basket, but renewed energy pressure could lift headline inflation and reduce policy restrictiveness through lower real rates. The analysts had flagged Fed tightening and higher oil prices as risks to their previous no-further-hikes call. They see scope for long-end outperformance, supported by improving fiscal expectations and recent global curve flattening. August CPI, expected at 4.5% y/y, is due tomorrow, ahead of the SARB decision.

Exhibit 6: Although less than before, the July MPC statement did register as hawkish



Source: Bloomberg, RMB Morgan Stanley Research estimates

Exhibit 12: July MPC vote was the mirror image of the May meeting



Source: SARB, RMB Morgan Stanley Research

Global Financial Indicators

Last updated: 9/22/26 8:37 AM	Level Last 12m	Latest	Change 1 Day	7 Days	30 Days	12 M	YTD
Equities				%			%
United States		7,765	1.5	2.4	1.2	16.0	13
Europe		6,340	0.3	1.7	-1.9	16.5	9
Japan		65,019	1.4	1.6	-0.8	42.5	29
China		4,545	0.1	2.1	-1.6	0.5	-2
Asia Ex Japan		120	3.0	4.6	3.0	30.9	29
Emerging Markets		69	2.7	4.3	2.5	29.2	26
Interest Rates				basis points			
US 10y Yield		4.9	-2	-7	19	78	76
Germany 10y Yield		3.4	-3	-11	17	68	58
Japan 10y Yield		3.0	0	-5	10	134	92
UK 10y Yield		5.2	-2	-20	13	48	71
Credit Spreads				basis points			
US Investment Grade		112	1	-4	-6	-8	-1
US High Yield		301	2	-6	-12	-27	-39
Exchange Rates				%			
USD/Majors		100.4	0.0	0.8	1.6	3.1	2
EUR/USD		1.15	0.0	-0.7	-1.7	-2.9	-2
USD/JPY		157.2	-0.1	1.3	-1.2	6.4	0
EM/USD		46.3	0.0	0.2	-1.0	0.7	-1
Commodities				%			
Brent Crude Oil ($/barrel)		98.6	-1.7	-9.3	6.4	51.8	64
Industrials Metals (index)		182.8	0.8	4.0	1.6	27.2	12
Agriculture (index)		63.2	-0.5	-1.2	1.6	17.4	18
Gold ($/ounce)		4337.9	-0.1	1.1	-6.8	15.8	0
Bitcoin ($/coin)		86009.2	-1.1	12.4	11.2	-23.8	-2
Implied Volatility				%			
VIX Index (%, change in pp)		14.7	-0.2	-2.5	-0.5	-1.4	-0.3
Global FX Volatility		6.7	0.0	-0.3	0.2	-0.5	-0.2
EA Sovereign Spreads				10-Year spread vs. Germany (bps)			
Greece		76	0	0	6	11	17
Italy		88	0	0	6	9	19
France		104	3	8	17	23	33
Spain		46	0	-2	0	-10	2

Colors denote tightening/easing financial conditions for observations greater than ±1.5 standard deviations. Data source: Bloomberg.

This monitor is prepared under the guidance of Jason Wu (Assistant Director), Caio Ferreira (Deputy Division Chief), and Sheheryar Malik (Deputy Division Chief). Fabio Cortes (Senior Economist), Timothy Chu (Financial Sector Expert-New York Representative), Sanjay Hazarika (Senior Financial Sector Expert), Esti Kemp (Senior Financial Sector Expert), Johannes S. Kramer (Senior Financial Sector Expert), Benjamin Mosk (Senior Financial Sector Expert), Sonal Patel (Senior Financial Sector Expert-London Representative), Patrick Schneider (Financial Sector Expert), and Jeff Williams (Senior Financial Sector Expert) are the lead editors of this monitor. The contributors are Sally Chen (IMF Resident Representative in Hong Kong), Yingyuan Chen (Financial Sector Expert), Andrew Ferrante (Research Analyst), Deepali Gautam (Senior Research Officer), Harrison Kraus (Research Analyst), Mindaugas Leika (Senior Financial Sector Expert), Xiang-Li Lim (Financial Sector Expert), Corrado Macchiarelli (Economist), Kleopatra Nikolaou (Senior Financial Sector Expert), Silvia L. Ramirez (Senior Financial Sector Expert), Francesco de Rossi (Senior Financial Sector Expert-London Representative), Lawrence Tang (Senior Economist), Dmitry Yakovlev (Senior Research Officer), Akihiko Yokoyama (Senior Financial Sector Expert), and Jing Zhao (Economic Analyst). Jeremie Benzaken (Administrative Coordinator), Olivia Marr (Administrative Coordinator), and Srujana Tyler (Administrative Coordinator) are responsible for the word processing and production of this monitor.

Emerging Market Financial Indicators

9/22/2026 8:39 AM	Exchange Rates							Local Currency Bond Yields (GBI EM)						
	Level		Change (in %)					Level		Change (in basis points)				
	Last 12m	Latest	1 Day	7 Days	30 Days	12 M	YTD	Last 12m	Latest	1 Day	7 Days	30 Days	12 M	YTD
		vs. USD	(+) = EM appreciation						% p.a.					
China		6.70	-0.1	0.2	0.3	6.2	4.3		1.7	0	-2	0	-14	-19
Korea*		1358	1.2	0.5	1.9	2.4	6.0		4.5	1	-7	-3	181	123
Indonesia		17872	-0.2	-1.0	-0.9	-7.1	-6.6		7.0	0	-5	9	93	101
India		96	0.2	0.4	0.2	-7.6	-6.0		8.4	-4	-7	55	151	130
Philippines		63	0.1	0.2	-1.6	-9.0	-6.2		6.0	0	4	13	131	136
Thailand		33	0.3	0.4	-1.5	-4.2	-5.0		2.3	-1	-4	13	86	60
Malaysia		4.07	0.2	0.4	-0.7	3.3	-0.3		3.9	-7	-26	12	47	40
Argentina		1514	0.0	-0.4	-1.0	-6.9	-4.1		0.0	0	0	0	-6716	-3237
Brazil		5.13	-0.5	0.4	0.4	3.9	6.6		13.9	-13	-18	-47	27	37
Chile		944	0.6	1.2	-3.3	1.3	-4.6		5.9	-2	1	21	47	56
Colombia		3199	-0.6	-3.0	-5.0	20.2	18.1		12.8	-4	10	57	144	-11
Mexico		17.24	-0.1	-0.5	-1.7	6.5	4.4		9.3	-5	-17	15	57	29
Peru		3.4	0.1	0.7	-0.4	4.4	0.2		6.5	0	-1	29	41	76
Uruguay		40	0.2	0.3	0.3	-0.4	-2.8		7.6	-1	0	6	-34	12
Hungary		315	0.0	0.3	-1.3	4.5	3.7		5.7	-3	5	29	-88	-81
Poland		3.79	-0.1	-0.8	-2.7	-4.9	-5.4		5.6	-12	-14	33	70	107
Romania		4.6	-0.1	-0.8	-2.0	-6.4	-5.7		7.0	3	15	30	-29	36
Russia		84.2	-1.2	0.1	-1.0	-0.6	-6.5							
South Africa		16.2	0.1	0.1	-1.3	6.8	2.0		8.9	-6	-22	-2	-67	35
Türkiye		48.82	-0.1	-0.4	-1.5	-15.3	-12.0		34.5	-13	34	-2	271	486
US (DXY; 5y UST)		100	0.0	0.8	1.6	3.1	2.1		4.81	-2	-2	38	110	108

	Equity Markets							Bond Spreads on USD Debt (EMBIG)					
	Level		Change (in %)					Level		Change (in basis points)			
	Last 12m	Latest	1 Day	7 Days	30 Days	12 M	YTD	Last 12m	Latest	7 Days	30 Days	12 M	YTD
								basis points					
China		4,545	0.1	2.1	-1.6	0.5	-1.8		2	0	-2	-8	-5
Korea*		7,018	0.1	5.9	1.5	101.3	66.5		23	2	1	1	1
Indonesia		6,277	-1.7	-2.8	-3.8	-22.7	-27.4		93	-5	-2	14	18
India		74,529	-1.7	0.7	-3.9	-9.2	-12.5		83	-1	0	8	7
Philippines		5,815	-0.5	-3.2	-6.8	-5.0	-3.9		79	-6	0	24	17
Thailand		1,604	0.4	1.6	-0.6	26.0	27.4						
Malaysia		1,684	1.0	-0.9	-3.1	5.0	0.2		54	-4	-3	-4	-3
Argentina		2,998,956	-0.8	-2.8	2.9	65.6	-1.7		534	24	23	-561	-32
Brazil		186,596	0.7	0.6	9.1	28.6	15.8		165	1	-17	-20	-34
Chile		5,725	-0.2	0.7	0.2	20.6	5.6		89	0	1	-5	-1
Colombia		2,566	0.7	-0.1	4.3	37.1	24.1		207	1	16	-42	-71
Mexico		63,537	0.3	-0.6	-3.3	2.5	-1.2		192	-5	-6	-24	-27
Peru		3,499	1.1	3.1	-2.8	54.4	35.4		106	-2	-4	-11	-23
Hungary		152,302	-0.5	-0.8	2.5	53.4	37.2		98	0	3	-24	-34
Poland		158,732	0.2	3.3	4.7	50.7	35.4		93	0	5	7	5
Romania		32,079	0.5	-1.9	-12.0	54.4	31.3		173	0	2	-20	3
South Africa		113,687	0.5	-0.3	-3.4	7.3	-1.9		195	-2	5	-49	-20
Türkiye		13,248	-0.7	-4.6	-8.7	15.5	17.6		238	-3	5	-7	19
EM total		69	0.0	4.3	2.5	29.2	25.8		174	-4	-27	-39	-24

Colors denote tightening/easing financial conditions for observations greater than ±1.5 standard deviations. Data source: Bloomberg.

*Not an EM Under IMF Classification.

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